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**Markborough
Properties
Limited**

**Annual Report
1971**





Markborough Properties Limited

Annual Report 1971

Contents

2	Operating, Financial and Statistical Highlights
3	Directors and Officers
5	President's Report
9	Review of Operations
9	Meadowvale
13	Income Properties
17	Summary of Income Properties
18	Industrial Division
20	Land
21	Financial Statements
22	Auditor's Report
23	Income and Expenses
23	Retained Earnings
24	Balance Sheet
26	Source and Application of Funds
27	Notes

Highway 401 and Mississauga Road interchange, Meadowvale, with new research and development facilities of Control Data Canada, Ltd.



Operating, Financial and Statistical Highlights

1971 was the sixth complete year of operations of the Company.

A five year historical comparison of financial highlights is presented below.

	1971	1970	1969	1968	1967
Operating					
Revenue from income properties	\$4,953,500	\$4,754,200	\$3,771,300	\$3,013,500	\$1,386,700
Revenue from land operations	3,465,700	4,002,000	7,410,300	2,855,700	2,551,600
Income (loss) before taxes	1,057,100	1,426,700	2,615,200	871,300	294,900
Net income (loss) after taxes	540,100	694,700	810,200	427,300	144,900
Financial					
Undeveloped land	27,984,900	25,591,900	22,054,300	16,787,300	14,808,700
Income properties	35,772,000	31,373,300	30,095,000	27,880,400	24,027,400
Bank debt	1,434,900	1,335,200	3,937,500	6,325,200	6,437,700
Mortgage and debenture debt	39,762,300	32,194,800	29,486,300	21,410,600	15,931,900
Share capital	18,590,600	18,590,600	18,590,600	18,568,400	18,460,200
Per common share outstanding at year end					
Net income (loss)	14.8¢	19.0¢	22.2¢	11.7¢	4.0¢
Cash flow from operations	44.4¢	54.2¢	85.0¢	34.5¢	13.4¢
Equity	\$5.80	\$5.66	\$5.47	\$5.24	\$5.12
Statistical					
Common shares outstanding at year end	3,652,294	3,652,294	3,652,294	3,648,494	3,627,094
Number of shareholders	2,425	2,476	2,364	1,988	1,167
Ratio of income properties to land held for development	1.3 to 1	1.2 to 1	1.4 to 1	1.7 to 1	1.6 to 1
Ratio of bank, mortgage and debenture debt to equity	1.9 to 1	1.6 to 1	1.7 to 1	1.4 to 1	1.2 to 1

Directors

D. S. Anderson
Chairman and Chief Executive Officer
Metro Centre Developments Limited,
Toronto

R. C. Brown
Partner
Blake, Cassels & Graydon, Toronto

R. L. Friend
Vice President
Investors Syndicate Limited, Winnipeg

R. H. Gane
Managing Director
George Wimpey & Co. Limited
London, England

Dr. J. M. Gillies
Dean
Faculty of Administrative Studies
York University, Toronto

A. R. Grant
President
George Wimpey Canada Limited
Toronto

G. C. Gray
President
A. E. LePage Limited, Toronto

**The Right Honourable
Viscount Hardinge**
Chairman
Greenshields Incorporated, Montreal

H. P. Langer
Executive Vice President
Markborough Properties Limited
Toronto

D. S. Lyall
Vice President, Finance
Gulf Oil Canada Limited, Toronto

B. R. B. Magee
Chairman of the Board
A. E. LePage Limited, Toronto

D. B. Mansur
Chairman of the Board
Kinross Mortgage Corporation, Toronto

A. R. Marchment
Vice President, Finance
The T. Eaton Company Limited
Toronto

P. M. McEntyre
President
Commercial Trust Company Limited
Montreal

J. C. Neely
President
Alcan Design Homes Limited
Montreal

J. H. Panabaker
Executive Vice President
The Mutual Life Assurance
Company of Canada
Waterloo

D. W. Pretty
Executive Vice-President
North American Life Assurance
Company
Toronto

D. F. Prowse
Executive Vice President
Markborough Properties Limited
Toronto

E. Schousboe
President
Transatlantic Securities Limited
Montreal

E. D. Scott
Vice President and Director
Greenshields Incorporated, Toronto

J. L. Toole
Chairman
CN Investment Division
Vice President
Canadian National Railways
Montreal

Officers

Brian R. B. Magee, F.R.I., S.I.R., C.R.E.
President

H. Peter Langer, F.R.I., S.I.R.
Executive Vice President

Donald F. Prowse, B.A., C.A.
Executive Vice President

George H. Mundy, C.A.
Treasurer

Ronald C. Brown, B.A.
Secretary

Legal Counsel

Blake, Cassels & Graydon
Toronto

Harries, Houser, Brown
& McCallum
Toronto

Auditors

Price Waterhouse & Co.
Toronto

Bankers

The Bank of Nova Scotia
Toronto

The Royal Bank of Canada
Toronto

Transfer Agent and Registrar

Canada Permanent Trust Company
Toronto, Montreal, Halifax, Winnipeg,
Calgary and Vancouver

Securities Listed

Montreal Stock Exchange
Toronto Stock Exchange



Meadowvale Information Pavilion.

President's Report

Dear Shareholder:

On behalf of the Board of Directors I am pleased to present our 6th annual report covering the year ended October 31, 1971. The year was one of activity and substantial accomplishment for Markborough, although the net profit after taxes was somewhat lower than in the previous year, \$540,000 compared with \$695,000.

There were no new income properties taken on stream in 1971. The increase in income from this source resulted primarily from improved operations in our apartment buildings in the Borough of Etobicoke in Metropolitan Toronto. This amounted to a 38% increase and was not sufficient to offset the decline in profits from land operations and the increased operating costs which include our Industrial Division overhead for the full year compared to only three months in 1970.

Land Sales for the coming year will be substantially improved and the company will complete conditional contracts entered into at the year end.

During the year the Company completed its first two industrial buildings totalling approximately 144,000 sq. ft. These buildings are now 96% leased and will contribute to earnings in 1972. As mentioned in my preliminary report to you, our 170,000 sq. ft. office building in North York was also substantially completed. The demand for commercial space is currently quite slow, but our building is well located and of good quality. We expect the market situation to improve now that some of the economic uncertainties affecting business decisions have been removed. We anticipate that the building will be leased within a reasonable period of time.

Land profits during the year were accounted for by the sale of two undeveloped properties. The 120 acre parcel in the Borough of Scarborough in Metropolitan Toronto, held under option agreement with Alcan Design Homes Limited, was sold when that company terminated its building program in the area. We also sold our commercial site in Vancouver when it was decided that the existing over-supply of commercial space in the area would make it impractical to consider development of the property in the near future.

The residential market was quite buoyant at the year end, and we expect this condition to continue. As already announced, we entered into conditional agreements with three major house builders for the purchase of approximately 75% of our residential land production in the first two phases of our Meadowvale project west of Metropolitan Toronto. These sales, including the sale to our first industrial user, totalled approximately \$5.6 million and will be brought into income in 1972 now that plans of subdivision for the land have been registered. House construction is under way and builders' display booths are being installed in the Company's Information Pavilion located in the area.

During the year the Company purchased a 117 acre site in Scarborough and sold to the vendor its previously held 160 acre parcel in this Municipality. The profit on the sale has been deferred and will be taken into account when the newly acquired land is developed. This new holding better suits the Company's plans since its development is more imminent. A draft plan of subdivision is now being prepared and we expect developed land will be available for sale early in 1973.

The Company also acquired a 50% interest in 98 acres of land primarily for industrial development immediately adjacent to Metropolitan Toronto in the west. This land, now being serviced, will be developed as the Rexdale Industrial Park and will provide the Company with alternative industrial offerings in the Metropolitan Toronto area.

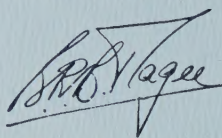
Plans are now proceeding for the first stage of development of our downtown Winnipeg commercial site. It is our present intention to build a shopping centre in the first phase, reserving approximately one third of the site for development at a later date.

As you are already aware, the Company concluded a \$10,000,000 debt financing during the year, details of which are included in the financial statements. This issue, \$7,000,000 of which was taken down in 1971 and \$3,000,000 in January 1972, provides Markborough with long term funds to finance the high initial outlays required for the development of Meadowvale.

The year 1971 presented many unusual problems in the national and international economies, which of course were reflected in our industry as in most others. We feel fortunate in the circumstances to have achieved a reasonable level of profit in the Company, but more important, to have accomplished much that will benefit Markborough in future years.

I would like to thank the staff, the Board of Directors and its Committees for their diligence and co-operation, and to reaffirm to the shareholders my own conviction that the Canadian real property industry in general, and your Company in particular will continue to grow and prosper.

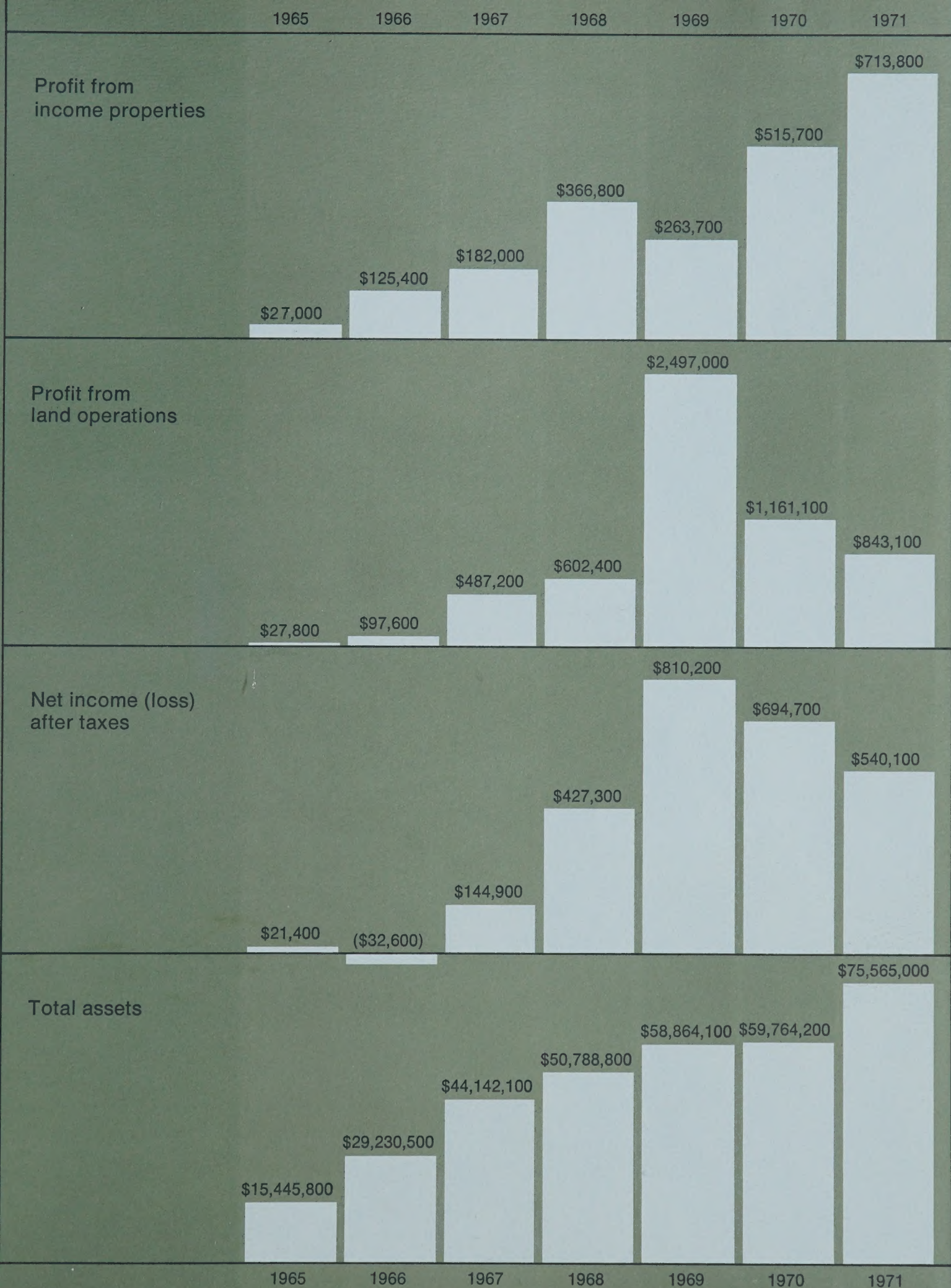
Yours very truly,



BRIAN R. B. MAGEE,
President.

January 31, 1972.







House building activity, Meadowvale South.

Meadowvale



Mullett Creek diversion, Meadowvale South.

Five years of almost constant negotiating and planning efforts have resulted in an impressive number of accomplishments in Meadowvale this year. In our first community, Meadowvale South, plans for all residential and industrial lands located in the Towns of Streetsville and Mississauga have now been registered.

Shortly after the fiscal year end, the residential lands in the Town of Mississauga portion of Meadowvale South were also registered. These registrations have enabled each of the three house builders at Meadowvale to commence construction and model homes will be open to the public in the early spring of 1972. Virtually all local residential and industrial services in Meadowvale South were installed before the onset of winter, with the exception of the paving of a few sections of internal roads. Despite delays in the commencement of servicing, all construction deadlines were met with the co-operation of local government bodies.

Construction of a major stream diversion through Meadowvale South is almost complete. The sub-trunk sanitary sewer which drains to the Ontario Water Resources Commission main sewer in the Credit River Valley is also nearing completion. The stream diversion and sub-trunk sewer are paid for jointly by Markborough and by Don Mills Developments Limited which is developing the new town community of Erin Mills, south of Meadowvale.

Towards the end of the year the trunk water main which supplies Meadowvale South and West from the main distribution point of the South Peel Water Supply System, was completed and paid for jointly by the two developers. The O.W.R.C. has constructed a half-million gallon elevated storage tank adjacent to Meadowvale's Industrial Park to



Control Data Canada, Ltd.



One of the largest computer rooms in Canada. Control Data, Meadowvale.

ensure adequate water pressures. The Commission has also awarded contracts for the balance of the trunk sewer from the Town of Streetsville to the Clarkson treatment plant on Lake Ontario. This sewer will accommodate the total Meadowvale development.

On October 15th, Meadowvale's first industry, Control Data Canada, Ltd., occupied its 165,00 square foot research and development facility at the Highway 401 and Mississauga Road interchange.

With housing construction in Meadowvale South now well under way, our planning and engineering consultants have turned their main attention to the Meadowvale West community. Servicing of this 1,035 acre, 35,000 person community will be started in 1973. It will feature a 12½ acre artificial lake, a 65 acre, multi-use town centre, and a wide range of housing types. Draft plans for the first two residential neighbourhoods were submitted to the Provincial Department of Municipal Affairs at the end of 1971. A design team is presently working on the integration of retail commercial, office, residential and institutional uses into the town centre. The first phase of the limited access parkway linking Highway 401 at Mississauga Road to Highway 5 and the Queen Elizabeth Way is scheduled for completion by the Town of Mississauga

and the County of Peel during 1972. The parkway will serve as a major access route to Meadowvale West and the Meadowvale Industrial Park.

The Ontario Government announced further details of its "Toronto Centred Region Plan" during the year. The plan acknowledges Meadowvale and environs as a major growth centre.

Our planning and engineering consultants have been very active throughout the year. Among the activities carried on by this group have been the approval of all designs, sitings, materials, and colours submitted by the house builders; further refinement of parks and playground planning; supervision of landscaping; supervision of all engineering construction; processing of plans of subdivision; and detailed planning of Meadowvale West. Research by the group into the feasibility of a day-care centre for pre-school children in Meadowvale South has assisted the successful application by the Town of Streetsville for a centre for 45 children located in Gatineau Green Park, in Meadowvale South. The centre will be financed by the Provincial Government and operated by the Town. It is expected to be in operation early in the summer of 1972. It will be of great benefit to working mothers and will add to the work force available to industries locating in Meadowvale.



Display area, Meadowvale Information Pavilion.



House building activity, Meadowvale South.

An elaborate Information Pavilion was opened at Meadowvale in late summer. The Pavilion makes excellent use of audio-visual presentations, planning models and photographic displays to acquaint potential home buyers, industries and others interested in the community with the very special character and exciting future of Meadowvale.

The Pavilion also provides facilities for meetings and lectures. It initially opened during week days and extended its operations to weekends in January, 1972.

At an official opening of the Pavilion in November, Markborough announced the second major industry to establish in Meadowvale. The National Cash Register Company of Canada, Limited has purchased a 10 acre site fronting on Highway 401 which will become that company's Canadian corporate headquarters and will contain several N.C.R. divisions. This 10 acre land sale has further reinforced the quality image of development in the Meadowvale area. Negotiations are now proceeding on other parcels of land in the park. It is expected that many of the employees of Meadowvale's industries will become Meadowvale residents as well, taking full advantage of the comprehensive services of the community.

Our Industrial Division is responsible for the promotion of the Meadowvale Industrial Park and has prepared informative literature, the "Meadowvale Fact Book", which greatly simplifies an industry's research into the merits of locating in the area. The division has also conducted many tours of the project and is attracting strong interest to the Park. A growing number of industries is intrigued by the opportunity to locate in a carefully controlled environment with complete services including underground hydro, paid for by the developer.

The three house builders in Meadowvale South, Victoria Wood Development Corporation Inc., Consolidated Building Corporation Limited, and The Derrydown Group, were chosen for their abilities to produce quality homes in volume, and for their progressive attitudes towards design and marketing. Several unique designs are being introduced by the builders including the first "Quadrominium" units in Canada: House prices are expected to range from \$21,000 to \$36,000 and will represent excellent value for the Toronto area.

Two prime cluster housing blocks and a limited number of building lots were withheld from the market in 1971 and will be sold during the year. Much of the cluster housing

will be innovative and the company will insure that the designs are in keeping with the Meadowvale concept.

Adding further to the amenities of the Meadowvale area, the Credit Valley Conservation Authority will open the first phase of the Meadowvale Conservation Park on the Credit River in 1972. The Town of Mississauga is also planning to assemble parklands immediately east of Meadowvale South, in the Credit Valley. The Meadowvale Botanical Gardens, a non-profit corporation, is planning further development within the next two or three years. The Botanical Gardens are located north of Highway 401 and east of the Meadowvale North community.

Depending on the speed with which families move into the Meadowvale South community, a neighbourhood shopping centre could be developed as early as this year. Several merchants have indicated strong interest in the centre which will be built and owned by the Company. It is expected that the first service station site in Meadowvale will be under development later in the year.

With the extensive house building, commercial and industrial activity expected at Meadowvale during the year, the community is off to an excellent start.



Theatre, Meadowvale Information Pavilion.



Multi-screen slide show and section of display area, Information Pavilion.

Income Properties

240 Duncan Mill Road, North York, Metropolitan Toronto. Finishing touches are now being applied to our 170,000 sq. ft. office building in the Don Mills community. This is a highly efficient, attractive building and we are confident of its rentability, in the face of a soft office rental market in Toronto. The building features post-tensioned light-weight concrete construction, exposed aggregate panels (precast on site), roof-top heating and cooling systems, and 100 lbs. per sq. ft. floor loadings. Four high-speed elevators will serve its eight floors and extensive underground parking is provided. Provision has been made for a 6,000 sq. ft. cafeteria in the building's basement. This cafeteria could also serve a similar building which is contemplated on an adjacent site owned by the Company.

7 & 15 Overlea Boulevard, Metropolitan Toronto. These twin buildings experienced a good operating year with a minimum of problems and general tenant satisfaction.



240 Duncan Mill Road as viewed from Moatfield Park.



Main floor vestibule, 240 Duncan Mill Road.



Thorncliffe and Westway Apartments, Metropolitan Toronto. Our various apartment properties are performing consistently and well. The problems encountered in some of our buildings a few years ago have been overcome and all the properties are enjoying a high level of occupancy and lease renewals. The older buildings in the Westway area are experiencing the usual maintenance problems but our maintenance crews are well organized and our operating costs have been running within budgeted amounts. Improvements were made throughout the year, including new appliances, extensive painting and refurbishing, improvements to the quality and extent of landscaping, extending the capabilities of our maintenance and management people, and improving relations with the residents in our buildings.



60 Callowhill Drive, Borough of Etobicoke, Metropolitan Toronto.



60 Callowhill Drive, Borough of Etobicoke.



60 Redgrave Road, Borough of Etobicoke.



695 Martin Grove Road, Borough of Etobicoke.



Room service, Regina Inn.



Poolside at Regina Inn.

Regina Centre, Regina Saskatchewan. The excellent facilities of our hotel and commercial operation in Regina, combined with the enthusiasm and management capabilities of our staff have helped us maintain our good operating record in the Queen City. During the year the commercial mall was refurbished and new carpets were installed in most of the public areas of the hotel. The Regina Inn has consistently maintained its reputation for excellence of food, service and top quality entertainment. Both the Inn and its staff have been officially commended for outstanding performance on many occasions. In spite of slow economic conditions, the hotel is fully booked much of the time and on many occasions regretfully had to turn away potential guests.

Summary of Income Properties

Metropolitan Toronto

Apartments:

Rideau Towers I (50% share)	49 Thorncliffe Park Drive	400 suites
Rideau Towers II (50% share)	53 Thorncliffe Park Drive	279 suites
The Somerset	605 Finch Avenue West	243 suites
The Clarion	20 Redgrave Drive	178 suites
The Westway	416 The Westway	102 suites
Westway Maisonettes	65 Sandwell Drive	16 suites
The Westerham	63 Callowhill Drive	112 suites
311 Dixon Road	311 Dixon Road	173 suites
Martinway Towers (70% share)	695 Martin Grove Road	141 suites
	60 Callowhill Drive	141 suites

Commercial:

Office Building	7 Overlea Boulevard	150,000 sq. ft.
Office Building	15 Overlea Boulevard	160,000 sq. ft.
Service Station Site (leased to oil company)	418 The Westway	

Under Construction:

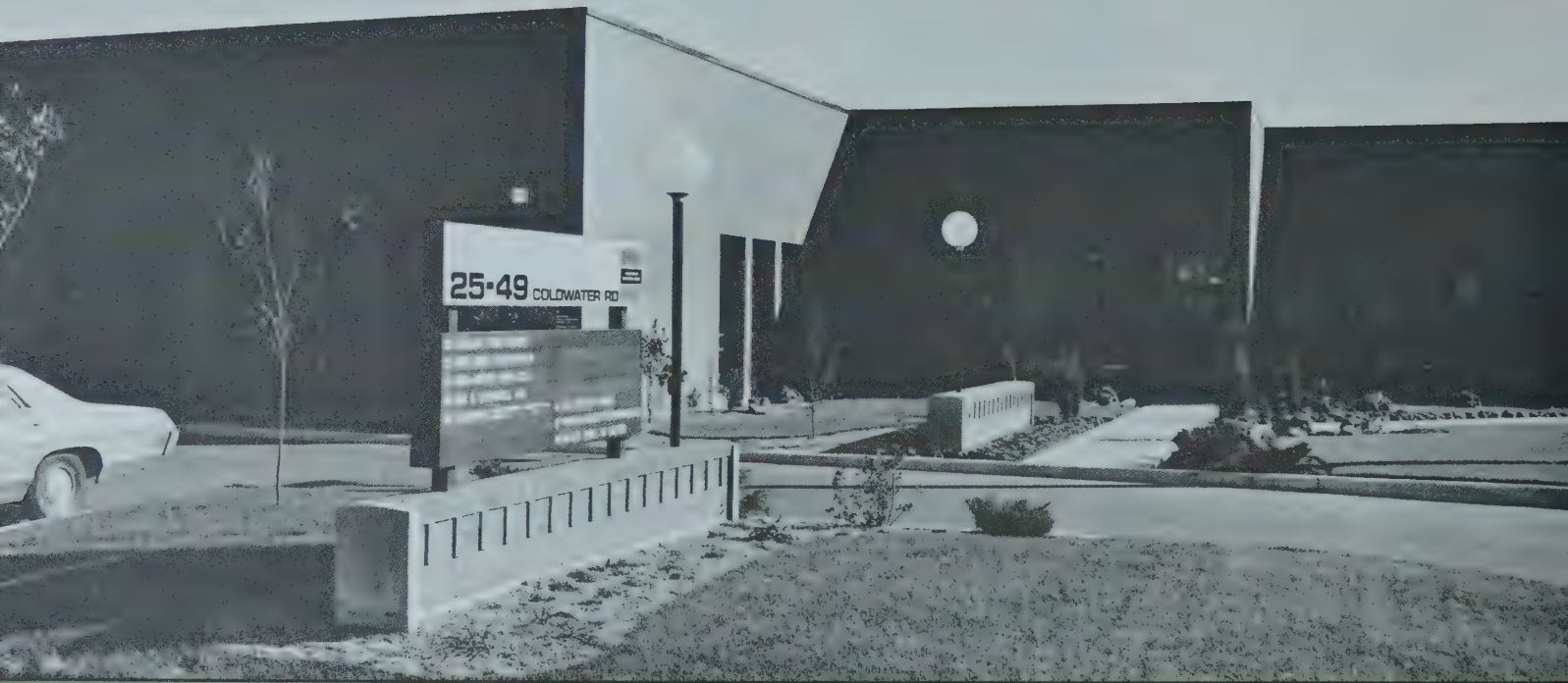
Office Building	240 Duncan Mill Road	170,000 sq. ft.
Industrial Building	75 Horner Avenue	90,000 sq. ft.
Industrial Building	25-49 Coldwater Road	54,000 sq. ft.

Regina, Saskatchewan

Regina Centre (50% share) Hotel, shopping complex	1975 Broad Street	240 rooms
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Industrial Division

Despite national and international economic uncertainties, our Industrial Division performed well in this, its first year of operation. Two buildings were completed by the division in the Toronto area in 1971. The strong appeal of their locations and their general design excellence enabled them to perform much better than other new multiple industrial buildings in the Toronto area. The 54,000 sq. ft. building on Coldwater Road in the Borough of North York is now fully leased. The 90,000 sq. ft. building on Horner Avenue in the Borough of Etobicoke is 94% leased.



25-49 Coldwater Road, Borough of North York, Metropolitan Toronto.



75 Horner Avenue, Borough of Etobicoke, Metropolitan Toronto.



Metro Cable T.V. Limited studio, 49 Coldwater Road.



Sod turning ceremony, Rexdale Industrial Park. Acting Mayor Chic Murray, Town of Mississauga, at the controls.

The division has completed premises for an interesting variety of tenants including a cable television studio, church publishing house, furniture showroom, and hospital services teaching and distribution facilities. Construction will commence shortly on two industrial buildings which will also be added to the Company's inventory of revenue producing properties. An 80,000 sq. ft. building will be developed on Judson Avenue in Etobicoke and the first of two 30,000 sq. ft. buildings will be built as the first phase of an 8.9 acre site on Milner Avenue in the Borough of Scarborough.

The Company has also entered into a joint venture agreement for a 98 acre industrial park near the Toronto International Airport. The "Rexdale Industrial Park" is presently being serviced by the Town of Mississauga and building sites will be available in mid 1972. This major park will greatly add to the flexibility of the Industrial Division's offerings and places it in an excellent position to meet the projected upswing of the industrial market. All construction in the park will be carried out by the division, through contract and lease packages.

The Industrial Division was also responsible for the construction of the Meadowvale Information Pavilion and will be the contractor on our first shopping centre in Meadowvale South. It has acquired an excellent reputation and is regularly investigating proposals for industrial land acquisition and building development in other areas.

Land

Significant changes in the Company's inventory of land for development have been made in the Borough of Scarborough, Metropolitan Toronto. A 120 acre block of land in the Agincourt North community of the Borough was sold by Markborough and a co-owner. In a transaction with another major developer, the Company has purchased a 117 acre parcel of land in Agincourt North and has sold a 160 acre parcel in the Milliken community.

The newly acquired parcel is in position for earlier development and it is expected that house construction will be commenced on the property in the spring of 1973 following a servicing program next winter. Draft plans on the subdivision of the area are about to be submitted to the municipality and include approximately 600 units of apartments, town houses and single family housing. The plan also includes a 20 acre community commercial centre for a 200,000 foot shopping centre and service station. The "Brimley Forest" development will be highlighted by a heavily treed, 20 acre regional park. Twenty-five acres has also been allocated for a school campus comprising senior high, senior public and a "k to six" public school.

Servicing of these lands will be co-ordinated with a neighbouring developer. The trunk services are now at the southern border of the property and a trunk serving the expanded area is under design. Recent housing development has carried right up to the perimeter of Brimley Forest.

As the market for apartment land in Metropolitan Toronto is relatively dormant, a 152 suite apartment site on Warden Avenue in Scarborough is being rezoned for town housing. An offer has been accepted on the property, subject to rezoning. Profit from this sale will be shared equally with a co-owner.

In addition to the previously mentioned sales, the Company also sold its redevelopment site in downtown Vancouver at a satisfactory profit.

In Winnipeg, the Company has decided to undertake the first phase of development of its 4.58 acre site at Balmoral Street, Ellis Avenue and Kennedy Street. This phase will include commercial facilities and the remaining land will be held for subsequent development.



Proposed "Brimley Woods" subdivision looking south towards Finch Avenue.

PRICE WATERHOUSE & CO.

Chartered Accountants

P.O. Box 51
Toronto-Dominion Centre
Toronto 111

November 26, 1971

To the Shareholders of
Markborough Properties Limited:

We have examined the consolidated balance sheet of Markborough Properties Limited and its subsidiaries as at October 31, 1971 and the consolidated statements of income and expenses, retained earnings and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at October 31, 1971 and the results of their operations and the source and application of their cash for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PRICE WATERHOUSE & CO.
Chartered Accountants

Markborough Properties Limited

Consolidated Statement of Income and Expenses

For the Year Ended October 31, 1971

(with comparative figures for 1970)

	1971	1970
Revenue from income properties (Note 1)	\$4,953,500	\$4,754,200
Less:		
Operating expenses	1,160,700	1,131,400
Mortgage and other interest	1,615,600	1,646,900
Realty taxes	898,000	908,900
Depreciation (Note 2)	565,400	551,300
	<u>4,239,700</u>	<u>4,238,500</u>
Profit from income properties	713,800	515,700
Revenue from land operations	3,465,700	4,002,000
Less cost	<u>2,622,600</u>	<u>2,840,900</u>
Profit from land operations (Note 3)	843,100	1,161,100
Interest and other income	<u>135,200</u>	<u>294,800</u>
Income before general and administrative expenses	1,692,100	1,971,600
General and administrative expenses:		
Executive and office salaries	319,400	215,900
Bank interest	22,400	60,100
Other	<u>293,200</u>	<u>268,900</u>
	<u>635,000</u>	<u>544,900</u>
Net income before income taxes	1,057,100	1,426,700
Provision for income taxes, deferred (Note 4)	<u>517,000</u>	<u>732,000</u>
Net income for the year	<u>\$ 540,100</u>	<u>\$ 694,700</u>
Earnings per share (based on shares outstanding at year end) — (Note 13(d))	<u>14.8¢</u>	<u>19.0¢</u>

Consolidated Statement of Retained Earnings

For the Year Ended October 31, 1971

(with comparative figures for 1970)

	1971	1970
Retained earnings at beginning of year	\$2,065,900	\$1,371,200
Net income for the year	<u>540,100</u>	<u>694,700</u>
Retained earnings at end of year	<u>\$2,606,000</u>	<u>\$2,065,900</u>

Markborough Properties Limited
(incorporated under the laws of Ontario)

Consolidated Balance Sheet — October 31, 1971
(with comparative figures at October 31, 1970)

Assets	1971	1970
Accounts receivable	\$ 437,600	\$ 363,700
Mortgages and other secured receivables (Note 5)	3,886,700	1,711,700
Land (Note 6):		
For sale (Note 7)	6,777,800	243,200
For future development	27,984,900	25,591,900
	34,762,700	25,835,100
Prepaid expenses and other assets	706,000	480,400
Income properties (Note 6):		
Land	3,972,500	3,783,200
Buildings	27,026,300	27,079,000
Equipment	1,205,200	1,184,300
Construction in progress (Note 8)	6,049,800	1,243,200
	38,253,800	33,289,700
Less accumulated depreciation	2,481,800	1,916,400
	35,772,000	31,373,300
On behalf of the Board:		
B. R. B. Magee, <i>Director</i>		
D. F. Prowse, <i>Director</i>	\$75,565,000	\$59,764,200

Liabilities and Shareholders' Equity	1971	1970
Bank indebtedness (Note 9)	\$ 1,434,900	\$ 1,335,200
Accounts payable and accrued liabilities:		
On construction and development in progress	2,943,400	470,900
Other, including accrued interest	1,684,200	939,200
Provision for development costs (Note 10)	3,749,700	576,600
Amount payable under land purchase agreement, due February 1978	1,145,900	460,000
Sinking fund debentures (Note 11)	7,000,000	—
Mortgages payable (Note 12)	32,762,300	32,194,800
Deferred income taxes (Note 4)	3,648,000	3,131,000
	54,368,400	39,107,700
Shareholders' equity:		
Capital stock (Note 13) —		
Authorized — 6,000,000 common shares, no par value		
Issued — 3,652,294 shares	18,590,600	18,590,600
Retained earnings	2,606,000	2,065,900
	21,196,600	20,656,500
	<u>\$75,565,000</u>	<u>\$59,764,200</u>

Consolidated Statement of Source and Application of Cash

For the Year Ended October 31, 1971

(with comparative figures for 1970)

	1971	1970
Cash was provided from:		
Operations:		
Net income for the year	\$ 540,100	\$ 694,700
Add expenses included therein not requiring a current outlay of cash —		
Depreciation	565,400	551,300
Income taxes, deferred	517,000	732,000
	<u>1,622,500</u>	<u>1,978,000</u>
Mortgages on income properties and land	2,935,500	3,326,600
Land, development and related costs realized through sales	2,622,600	2,840,900
Increase in other liabilities	3,677,800	125,100
Proceeds from sale of sinking fund debentures	7,000,000	—
Total cash provided	<u>17,858,400</u>	<u>8,270,600</u>
 Cash was applied to:		
Increase (decrease) in accounts, mortgages and other secured receivables	2,248,900	(2,000,900)
Income property construction	4,774,800	1,273,500
Land:		
Acquisition	2,128,900	3,843,100
Development and related costs	5,486,000	1,020,400
Carrying charges	951,500	914,100
Mortgage principal repayments:		
Income properties	309,600	273,300
Land	2,058,400	344,800
Total cash applied	<u>17,958,100</u>	<u>5,668,300</u>
 Net incoming (outgoing) cash	<u>\$ (99,700)</u>	<u>\$ 2,602,300</u>

Notes to Consolidated Financial Statements

October 31, 1971

1. Revenue from income properties:

Revenue from income properties includes gross rental revenue from all the Company's properties except Regina Centre. Amounts relating to this operation have been included after deducting direct operating expenses.

2. Depreciation policy:

The buildings included in income properties are being depreciated on a 3%, 40 year sinking fund basis. Under this method depreciation is charged to income in an amount which increases annually, consisting of a fixed charge together with interest compounded at the rate of 3% per annum, so as to fully depreciate the buildings over a 40 year period. Equipment is being depreciated at 15% on a straight-line basis.

3. Profit from land operations:

In June 1969, the Ontario Securities Commission published Guidelines relating to the recognition of profits in real estate transactions. The Company's accounting policies comply with these Guidelines.

4. Deferred income taxes:

In calculating taxable income the Company avails itself of certain provisions of the Income Tax Act to eliminate taxes currently payable, and as a result all provisions for income taxes to date are shown in the balance sheet as deferred income taxes. Based on the Company's projections of future taxable income, no portion of the deferred tax liability will be payable before 1976.

5. Mortgages and other secured receivables:

Mortgages and other secured receivables, which arise from land transactions, bear interest from 6½ % to 9½ % and mature as follows:

Fiscal year ending	
October 31, 1972	\$ 493,600
1973	395,600
1974-1978	2,997,500
	<u>\$3,886,700</u>

Under certain conditions the amounts due may be paid prior to maturity.

Included in the above amount is \$2,409,600 relating to a sale of land, which was accompanied by the acquisition from the purchaser of other land in the same area. The land acquired better suits the Company's development plans. Profit on the sale is being deferred until the acquired land is developed and sold.

6. Valuation of land and income properties:

On August 12, 1965 Markborough Limited and Highbury Properties Limited amalgamated under the Ontario Corporations Act to form Markborough Properties Limited. Land originally held by Markborough Limited was recorded at cost. Land and income properties held by Highbury Properties Limited were recorded at approximately \$1,800,000 less than the valuation

at the date of amalgamation and approximately \$4,100,000 in excess of the values recognized for income tax purposes. The potential tax liability created by this excess was taken into account in arriving at the values used.

Part of the property to which this excess applied was sold during 1969 and as a result the balance was reduced to approximately \$3,200,000 allocated as follows:

Income properties:	
Land	\$1,100,000
Buildings	<u>300,000</u>
	\$1,400,000
Land for sale or future development	<u>1,800,000</u>
	<u>\$3,200,000</u>

The increment shown above relating to income properties will not result in additional taxes unless the properties are sold. At the present time it is not the Company's intention to sell these properties.

The land for sale or future development subject to the increment is part of the Company's Meadowvale project. It is estimated that sales in this part of the project will extend over a twelve to fifteen year period and additional taxes of approximately \$900,000 will be charged to income over that period.

Additions to land and income properties since August 12, 1965 are at cost which includes pre-development expenses and carrying charges (interest and real estate taxes). Carrying charges accumulated to date on land for future development amount to \$2,510,000, including \$694,000 in the current year.

7. Land for sale:

The Company adopts the practice, customary in the industry, of recording in its accounts as land for sale, the estimated cost on a fully developed basis of those parcels of land on which the planning, engineering, servicing and governmental authorization procedures are completed to the point that the land can be regarded as available for sale. The amount shown includes raw land costs and full provision for complete development costs as estimated. The unexpended portion of the estimated development costs is carried as a liability (see Note 10).

Approximately 60% of this land is subject to conditional sales agreements. It is expected these sales will be recorded in 1972.

8. Construction in progress:

The estimated cost to complete construction of three projects in progress is approximately \$1,200,000. Permanent financing on these projects will be arranged in due course.

9. Bank indebtedness:

Bank indebtedness is secured by demand debentures creating a first floating charge on the assets of the Company and ranking ahead of the security for the sinking fund debentures (Note 11).

10. Provision for development costs:

The Company estimates and provides for the full cost of servicing subdivisions currently under development. The provision for development costs is the unexpended portion of these estimates.

11. Sinking fund debentures:

The sinking fund debentures are part of an authorized issue of \$10,000,000, the balance of which will be drawn in the 1972 fiscal year. These debentures, secured by a floating charge on the assets of the Company (subject to the security referred to in Note 9) bear interest at 8½ % and are repayable in 1977 to 1986 inclusive, at \$1,000,000 per year. In addition, the principal outstanding at any time may be reduced by the exercise of the share warrants issued in connection with these debentures (see Note 13(b)).

12. Mortgages payable:

Mortgages payable comprise the following:

On land for sale, at an average interest rate of 8.8% with varying repayment terms and maturing by 1975	\$ 216,000
On land for future development, at an average interest rate of 7.6% with varying repayment terms and maturity by 1991	10,026,300
On income properties, at an average interest rate of 7.4% payable in equal instalments of principal and interest and maturing by 2003	22,520,000
	<u>\$32,762,300</u>

Mortgages on income properties include \$5,270,000 payable in United States funds converted at the exchange rates prevailing when the funds were received. Based on the October 31, 1971 exchange rate, the Company's liability on these mortgages is approximately \$385,000 less than the amounts recorded. This amount will be taken into income if and when realized.

Principal repayments are due approximately as follows:

Fiscal year ending	
October 31, 1972	\$ 1,263,900
1973	1,222,600
1974	2,402,400
1975	1,022,400
1976	1,174,600
Subsequent to	
October 31, 1976	25,676,400
	<u>\$32,762,300</u>

13. Capital stock:

(a) In connection with the public offering in 1967 of 1,200,000 common shares, warrants were issued entitling the holders thereof to purchase 300,000 common shares of the Company at a price of \$7 if exercised on or before August 1, 1972. 300,000 common shares have been reserved for this purpose.

(b) In connection with the issue of \$7,000,000 sinking fund debentures, warrants were issued during the year entitling the holders thereof to purchase 400,000 common shares of the Company at a price of \$8 if exercised on or before January 30, 1977 and thereafter at a price of \$9.50 if exercised on or before January 30, 1982.

400,000 common shares have been reserved for this purpose. On the issue of the remaining \$3,000,000 sinking fund debentures (see Note 11) warrants will be issued entitling the holders thereof to purchase an additional 171,429 common shares at a price of \$8 if exercised on or before January 30, 1978 and thereafter at a price of \$9.50 if exercised on or before January 30, 1983.

The above warrants may be exercised by an equivalent reduction in outstanding sinking fund debentures, at the holders' option.

(c) During the year ended October 31, 1971 options on 20,000 shares at \$5 per share were granted to employees. No options were exercised during the year. At October 31, 1971 options to purchase 40,000 shares at \$5 (expiring 1976 to 1980) and 12,800 shares at \$5.85 (expiring 1978) were outstanding. A further 12,000 shares are reserved for the granting of future options.

(d) If the warrants and options referred to above were exercised, there would be no dilutive effect on the Company's earnings per share.

14. Joint ventures and subsidiaries:

(a) Five of the Company's income properties and one parcel of land for future development are co-owned with other corporations under joint venture agreements. In such cases, the consolidated financial statements include only the Company's share of the assets, liabilities, revenues and expenses. The Company is contingently liable at October 31, 1971 for \$7,066,000, representing the liabilities in the joint ventures of its co-owners but against such contingent liability the Company would have a claim upon the joint venture assets of its co-owners. The value of these joint venture assets exceeds the contingent liability.

(b) The Company has two subsidiary companies, both wholly owned; Northhaven Farms Limited, which farms the Company's land for future development, and Canada Centre Development Corp. Ltd., which is inactive. The consolidated financial statements include the accounts of these subsidiaries.

15. Remuneration to directors and senior officers:

The aggregate direct remuneration paid or payable to the directors and six senior officers of the Company as defined in the Ontario Business Corporations Act (five in 1970) in respect of the year ended October 31, 1971 was \$201,000 (1970 — \$154,000).

Markborough Properties Limited

Head Office: 50 Holly Street, Toronto 7, Ontario



**Consolidated Statement of Source and
Application of Cash**
For the Six Months Ended April 30, 1971 (Unaudited)
(with comparative figures for the six months ended April 30, 1970)

MARKBOROUGH PROPERTIES LIMITED

**Interim Report to
the Shareholders for
the Six Months
Ended April 30, 1971.**

AR53

	1971	1970
Cash was provided from:		
Operations:		
Net income for the period	\$ 32,600	\$ 109,700
Add expenses included therein not requiring a current outlay of cash:		
Depreciation	283,700	266,500
Income taxes, deferred	24,000	109,000
	<u>340,300</u>	<u>485,200</u>
Mortgages and other long-term debt on income properties and land	1,150,900	3,007,800
Decrease (increase) in:		
Accounts, mortgages and other secured receivables	220,300	1,181,000
Other assets and liabilities	176,700	(199,700)
Land, development and related costs realized through sales	—	902,600
Total cash provided	<u>1,888,200</u>	<u>5,376,900</u>
Cash was applied to:		
Income property construction	1,926,100	322,700
Land:		
Acquisition	1,342,400	3,415,400
Development and related costs	603,000	601,900
Carrying charges	397,700	503,200
Mortgage principal repayments:		
Income properties	148,800	139,100
Land	380,800	254,700
Total cash applied	<u>4,798,800</u>	<u>5,237,000</u>
Net outgoing (incoming) cash added (applied) to bank indebtedness	<u>\$2,910,600</u>	<u>\$ (139,900)</u>

Dear Shareholder:

Unaudited figures for the six months ended April 30, 1971 are now available. Net income was \$32,600 compared to \$109,700 for the same period last year. These results were not unexpected. No land sales were booked in the period, but if sales negotiations now under way are successful, we will show a reasonable profit from



this area of our operations during the latter half of the year. Residential builders' interest in Meadowvale is very strong and we expect that on registration of Plans of Sub-division a substantial number of

building lots and sites will be sold.

Income property earnings have shown a substantial improvement over the previous year, with net operating profit increasing by approximately \$118,000 over the first six months of 1970. These properties are operating at satisfactory levels and we expect this to continue during the remainder of the year. Construction of our third office building will be completed in November.

The decrease in interest and other income reflects the reduction in interest-bearing receivables outstanding during the period.

The increase in general and administrative expenses is largely due to the formation of our new Industrial Division which commenced operation during the latter half of 1970. This division was formed to enable the Company to develop and construct industrial properties and we are pleased with the activity generated by this group. The division has currently under construction two multiple tenancy industrial buildings and our Meadowvale Information Pavilion.

The development of the Meadowvale community is our major current project and I am pleased to report that progress is proceeding as planned. Our first contract for underground services has now been awarded.

General conditions in the industry have improved and we look forward to a continuation of this trend.

May 25, 1971

B. R. B. Magee, President

Consolidated Statement of Income and Expenses For the Six Months Ended April 30, 1971 (Unaudited)

(with comparative figures for the six months ended April 30, 1970)

	1971	1970
Revenue from income properties	\$2,469,700	\$2,295,700
Less:		
Operating expenses	566,300	560,800
Mortgage and other interest	814,100	831,700
Realty taxes	496,900	445,900
Depreciation	283,700	266,500
	<u>2,161,000</u>	<u>2,104,900</u>
Profit from income properties	308,700	190,800
Revenue from land operations	—	1,011,200
Less cost	—	902,600
Profit from land operations	—	108,600
Interest and other income	64,100	182,000
Income before general and administrative expenses	372,800	481,400
General and administrative expenses:		
Executive and office salaries	154,800	93,000
Bank interest	4,000	42,800
Other	157,400	126,900
	<u>316,200</u>	<u>262,700</u>
Net income before income taxes	56,600	218,700
Provision for income taxes, deferred	24,000	109,000
Net income for the period	<u>\$ 32,600</u>	<u>\$ 109,700</u>
Earnings per share	<u>.9¢*</u>	<u>3.0¢</u>

*if the outstanding warrants and options to purchase shares in the Company were exercised, there would be no dilutive effect on earnings per share.

Consolidated Statement of Retained Earnings For the Six Months Ended April 30, 1971 (Unaudited)

(with comparative figures for the six months ended April 30, 1970)

	1971	1970
Retained earnings at beginning of period	\$2,065,900	\$1,371,200
Net income for the period	32,600	109,700
Retained earnings at the end of period	<u>\$2,098,500</u>	<u>\$1,480,900</u>

MARKBOROUGH PROPERTIES LIMITED
(incorporated under the laws of Ontario)

ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS 1971

Take notice that the Annual and a Special Meeting of Shareholders of Markborough Properties Limited will be held in the Tudor Room, Royal York Hotel, Toronto, Canada, at 11:00 a.m. on Thursday, March 18, 1971, for the following purposes:

- (1) to receive the annual report of the directors and the financial statements for the year ended October 31, 1970;
- (2) to consider and if thought fit to confirm, with or without variation, By-law No. 8, being a by-law relating generally to the transaction of the business and affairs of the Company;
- (3) to consider and if thought fit to confirm, with or without variation, By-law No. 9 being a by-law respecting the remuneration of directors;
- (4) to elect directors;
- (5) to appoint auditors and authorize the directors to fix their remuneration; and
- (6) to transact such other business as may properly be brought before the meeting.

By-laws Nos. 8 and 9 are described on page 4 of the attached Information Circular which is made part of this Notice. A copy of the By-laws will be made available to any shareholder at or prior to the meeting upon receipt of his request therefor.

50 Holly Street,
Toronto 7, Ontario
February 12, 1971

By order of the Board,
R. C. BROWN
Secretary

We ask that you promptly sign, date and return the enclosed proxy in the self addressed envelope if it is not your intention to be present at the Meeting. If you are personally present at the Meeting, and desire to do so, you may withdraw your proxy and vote in person.

INFORMATION CIRCULAR

Revocability of Proxy

A shareholder who has given a proxy may revoke it by executing either a proxy bearing a later date or a written notice of revocation and delivering the same to the Secretary of the Company.

Persons or Companies Making the Solicitation

This solicitation of proxies is made on behalf of the management of Markborough Properties Limited (hereinafter called "the Company") for use at the Annual and Special Meeting of the Shareholders of the Company to be held on March 18, 1971 (hereinafter called "the Meeting") and at every adjournment thereof. The cost of the solicitation will be borne by the Company.

Interest of Certain Persons and Companies in Matters to be Acted Upon

The management of the Company is not aware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise of any director or senior officer of the Company, any proposed nominee for election as a director of the Company or any associate of any such person in any matter to be acted upon at the Meeting other than the election of directors.

Voting Shares and Principal Holders Thereof

On January 31, 1971 there were outstanding 3,652,294 shares of the Company, all of which, together with any additional shares which may be issued by March 18, 1971, are entitled to be voted at the Meeting. Each shareholder is entitled to one vote for each share registered in his name at the date of the Meeting. Neither the directors nor senior officers of the Company knows of any person or company owning, directly or indirectly, equity shares carrying more than 10% of the voting rights attached to all equity shares of the Company.

Election of Directors

The Board consists of twenty-two directors to be elected annually. The following table sets out the name of each of the persons proposed to be nominated for election as a director; his principal occupation at the date hereof; all positions and offices in the Company held by him; the year in which he was first elected a director; and the approximate number of shares of the Company that he has advised are beneficially owned by him, directly or indirectly, as of January 31, 1971. Each of such persons is a director and, except as set forth in the notes to the table, each has served continuously in that capacity since his first election.

<u>Name</u>	<u>Principal Occupation</u>	<u>Director since</u>	<u>Approximate number of Shares owned as of January 31, 1971</u>
*Donald S. Anderson	Senior Vice President and Director, The Royal Bank of Canada (banking)	1968	3,000
Ronald C. Brown	Secretary of the Company and a partner, Messrs. Blake, Cassels & Graydon (barristers & solicitors)	1965**	98
*William J. Dixon	General Manager, The Bank of Nova Scotia (banking)	1966	2
Reginald L. Friend	Vice President, Investors Syndicate Limited (investments)	1965	1
Richard H. Gane	Managing Director, George Wimpey & Co., Limited (construction)	1965	2
Dr. James M. Gillies	Dean, Faculty of Administrative Studies, York University	1966	502
*Alexander R. Grant	President, George Wimpey Canada Limited (construction)	1965	2
*Gordon C. Gray	President, A. E. LePage Limited (real estate)	1965	1,642
The Right Honourable Viscount Hardinge	Honorary Chairman, Greenshields Incorporated (investment dealer)	1968	1,000
H. Peter Langer	Executive Vice President of the Company	1966	568
*Douglas S. Lyall	Vice President Finance, Gulf Oil Canada Limited (petroleum products)	1965	500

*Brian R. B. Magee	President of the Company and Chairman of the Board, A. E. LePage Limited (real estate)	1965	19,196
David B. Mansur	Chairman of the Board, Kinross Mortgage Corporation (mortgage investments)	1967	1
Alan R. Marchment	Vice President Finance, The T. Eaton Company Limited (department stores)	1967	2,500
Peter M. McEntyre	President, Commercial Trust Company Limited (trust company)	1967	2,000
John C. Neely	President, Alcan Design Homes Limited (house building)	1965	2
John H. Panabaker	Executive Vice President, The Mutual Life Assurance Company of Canada (life insurance)	1965	252
David W. Pretty	Vice President Finance, North American Life Assurance Company (life insurance)	1966	400
Donald F. Prowse	Executive Vice President of the Company	1967	102
Erik Schousboe	President, Transatlantic Securities Limited (investments)	1966	2
E. Duff Scott	Vice President, Greenshields Incorporated (investment dealer)	1968	100
John L. Toole	Chairman, CN Investment Division, Vice President, Canadian National Railways (transportation)	1965	2

*Member of the Executive Committee

**Mr. R. C. Brown was not a director from April, 1966 to April, 1967.

Remuneration of Management and Others

The following information is furnished as to the remuneration of management and others:

- (1) Aggregate direct remuneration paid or payable by the Company and its subsidiaries to the directors and senior officers of the Company during the last completed financial year of the Company: \$154,000
No pension benefits are payable to senior officers or directors except under the Canada Pension Plan.
- (2) Since the commencement of the last completed financial year of the Company, senior officers of the Company have been granted options to purchase shares of the Company as follows:

Shares Optioned	Date of Grant	Price Per Share	Expiration Date	Price Range During 30 day period Prior to Date of Grant	
				High	Low
5,000	June 23, 1970	\$5.00	June 22, 1980	\$4.10	\$2.95
20,000	December 22, 1970	5.00	December 21, 1980	5.25	4.55

Interest of Management in Certain Transactions

By agreement dated May 1, 1969 between the Company and A. E. LePage Limited, 50 Holly Street, Toronto 7, Ontario, provision was made for the payment of \$57,000 during the period of twelve months ended April 30, 1970 for the services of a senior officer and for consulting services. By agreement dated June 1, 1970 such agreement was extended to April 30, 1971. Mr. Magee and Mr. Gray, directors of the Company, are senior officers, directors and shareholders of A. E. LePage Limited, and as such have an interest in such contracts with A. E. LePage Limited.

In the ordinary course of business, the Company has retained A. E. LePage Limited to manage certain of its investment properties and from time to time has paid real estate commissions to A. E. LePage Limited for its services in real estate transactions.

Appointment of Auditors

The persons named in the enclosed form of proxy intend to vote for the re-appointment of Messrs. Price Waterhouse & Co., Chartered Accountants, at a remuneration to be fixed by the Board. Messrs. Price Waterhouse & Co. have been auditors of the Company since 1965.

Particulars of Matters to be Acted Upon

The Meeting has been called as a Special Meeting of Shareholders for the purpose of considering and if thought fit confirming with or without variation, By-laws Nos. 8 and 9 enacted by the Board on February 10, 1971.

By-law No. 8

By-law No. 8 relates generally to the transaction of the business and affairs of the Company. This By-law was enacted by the Board to conform with the requirements of The Business Corporations Act, 1970 (the "Act") which came into force in Ontario on January 1, 1971 and replaces the existing general and borrowing by-laws of the Company. The Act provides that the following provisions of By-law No. 8 shall not become effective until the same have been confirmed by at least two-thirds of the votes cast at the Meeting:

- (1) Section Three authorizing the borrowing of money, the issuing of debt obligations, the securing of liabilities and the delegation of directors' powers (section 53 of the Act);
- (2) Section 5.01 authorizing the election of an executive committee (section 133 of the Act);
- (3) Section 6.02 authorizing the election or appointment of a Chairman of the Board and prescribing his duties (section 142 of the Act); and
- (4) Section 8.02 authorizing the payment of commissions and the allowance of discounts on the sale of shares (section 45 of the Act).

All other provisions of By-law No. 8 are now in effect and may be confirmed by a majority of the votes cast at the Meeting.

By-law No. 9

By-law No. 9 relates to the remuneration of directors. It provides that each director of the Company, other than a director who is an officer or employee of the Company or who is counsel or solicitor to the Company, shall be paid for his services as director (a) a fee of \$200 for each meeting of the Board attended by him; (b) a fee of \$100 for each meeting of the Executive Committee (if he is a member thereof) attended by him; and (c) reimbursement for his expenses in attending each meeting of the Board or the Executive Committee (if he is a member thereof). This by-law will not become effective unless confirmed by a majority of the votes cast at the Meeting.

General

The persons named in the enclosed form of proxy are directors of the Company. **A shareholder has the right to appoint a person to represent him at the Meeting other than the persons designated in the enclosed form of proxy** and may do so either by inserting such person's name in the blank space provided in such form and deleting the names printed in such form or by completing another proper form of proxy and, in either case, delivering such proxy to the Secretary of the Company.

Shares represented by properly executed proxies in favour of the persons designated in the enclosed form will be voted. **Such shares will be voted for the election as directors of the persons designated in this Information Circular as nominees for such office.** The management of the Company does not contemplate that any of the proposed nominees will be unable to serve as a director but, in the event that a proposed nominee does not stand for election or is unable to serve, proxies may be voted for another nominee designated by the Board of Directors. Where the shareholder executing such proxy specifies a choice with respect to any matter to be acted upon at the Meeting, other than the election of directors and the appointment of auditors, such shares will be voted in accordance with any specification so made. In the absence of such specifications, **such shares will be voted for the confirmation of By-laws Nos. 8 and 9.** The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting and other matters which may properly come before the Meeting. At the date of this Information Circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting; however, if any of the same should be presented the proxies will be voted thereon in accordance with the best judgment of the persons voting the proxies.

As of January 31, 1971

MARKBOROUGH PROPERTIES LIMITED